

WASHINGTON, D.C. - In addition to creating jobs, jumpstarting the economy and helping struggling families, the American Recovery and Reinvestment Act provides a tax cut to 95 percent of working families and offers a one-time payment to those most in need of assistance.

"I'm proud that Tax Day this year brought relief to millions of families through lower taxes, tax incentives and payments to those hurt most this economy," Congressman Sam Farr (D-Carmel) said on Wednesday. "The Recovery Act is putting money back into the pockets of Americans, which is accepted by economists of all political stripes as the best way to stimulate the economy."

The "Making Work Pay Tax Cut" will cut taxes for around 95 percent of working Americans, saving \$400 for individuals and \$800 for couples. This tax cut, which Americans began to see in their paychecks this month, will continue through 2010. President Obama and Congress are looking at ways to make the tax cut permanent.

"This tax cut is the largest ever for working families and will help thousands on the Central Coast pay for their necessities," Rep. Farr said. "And we'll see a direct effect from this tax cut, which will inject millions of dollars into our local economy. And by lowering payroll taxes throughout the year, families will see this benefit immediately."

One-time payment

The Recovery Act also created a one-time, \$250 payment for seniors, disabled veterans and individuals who receive Supplemental Security Income, known as SSI. This payment requires no action on the part of individuals and is expected to be distributed in May.

"We know that our senior citizens, disabled vets and SSI recipients face the hardest times during economic downturns," Rep. Farr said. "This one-time payment, while modest, will help thousands of residents on the Central Coast and will bring millions more to our local economy, helping support local businesses and local jobs."

On the Central Coast, 84,000 individuals will receive one-time payments from the Social Security Administration, infusing our local economy with \$21 million. Another 37,000 resident receive VA benefits, meaning those one-time payments will account for another \$9 million.

The House Committee on Ways & Means has a "how-to manual" on these payments available here: <http://waysandmeans.house.gov/media/pdf/111/moo.pdf> .

Other tax cuts

Other tax-cut provisions in the Recovery Act:

- Expands the child tax credit for millions of families, allowing them to begin qualifying for the child tax credit with every dollar earned over \$3,000.
- Expands the Earned Income Tax Credit by providing tax relief to families with three or more children and increasing marriage penalty relief.
- Helps more than 4 million additional students attend college with a new, partially refundable \$2,500 tax credit for families.
- Protects 26 million middle-class families from being hit by the Alternative Minimum Tax.
- Helps first-time homebuyers by enhancing the credit for first-time home purchases with the removal of the repayment requirement.
- Provides incentives to buy new cars, including light trucks and SUVs, with a tax deduction for state and local sales taxes paid on the purchase.
- Temporarily suspends the taxation of some unemployment benefits.

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